

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF EAST)	CASE NO. 2004-00455
CLARK COUNTY WATER DISTRICT)	

O R D E R

On November 23, 2004, East Clark County Water District ("East Clark") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. East Clark purchases water from Winchester Municipal Utilities ("Winchester").
2. On November 29, 2004, East Clark filed an amended customer notice and tariff sheet that contained revisions to the proposed minimum bill amounts for 3-inch and 4-inch meters.
3. On December 1, 2004, Winchester filed notice of a proposed revision to its wholesale water service rate schedule that would revise the schedule of rates currently charged to East Clark from a flat rate of \$1.18 per 100 cubic feet to a six-step declining rate design. Winchester proposed to place this revised rate schedule in effect for all bills rendered on and after January 1, 2005. East Clark proposes to increase the water rates to its customers effective with the January 1, 2005 billing.

4. On December 17, 2004, the Commission approved Winchester's proposed wholesale rate revision for service rendered on and after January 1, 2005.¹ Pursuant to KRS 278.015, East Clark may not adjust its rates to reflect this change for service rendered before January 1, 2005.

5. During the 12 months ending October 31, 2004, East Clark purchased 16,994,500 cubic feet of water from Winchester and sold 15,583,960 cubic feet. The increase in the cost of purchased water is \$143,893, resulting in a purchased water adjustment of \$0.47 per 1,000 gallons.

6. While East Clark's amended application contains a proposed rate for service provided through a 4-inch meter, East Clark's present rate schedules do not contain a rate for service provided through a 4-inch meter. As KRS 278.015 and Administrative Regulation 807 KAR 5:068 permit only an adjustment of existing rates and not revisions to a water district's rate design or additions to a water district's existing rate schedule, East Clark's proposed rate for service received through a 4-inch meter is unlawful. If East Clark desires to add a rate for water service received through a 4-inch meter, it should follow the procedures set forth in KRS 278.180 and Administrative Regulation 807 KAR 5:011.

7. East Clark's proposed rates should be denied.

8. A purchased water adjustment of \$0.47 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. East Clark's proposed rates are denied.

¹ Case No. 2004-00506, Proposed Adjustment of Wholesale Water Service Rate of Winchester Municipal Utilities (Ky.PSC Dec. 17, 2004).

2. The purchased water adjustment of \$0.47 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for service rendered on and after January 1, 2005.

3. Within 20 days of the date of this Order, East Clark shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 22nd day of December, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00455 DATED December 22, 2004

The following rates and charges are prescribed for the customers in the area served by East Clark County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8" x 3/4" Meter

First	2,000	\$24.56	Minimum Bill
Next	8,000	10.03	per 1,000 gallons
Next	40,000	8.81	per 1,000 gallons
Over	50,000	7.59	per 1,000 gallons

1" Meter

First	5,000	\$54.65	Minimum Bill
Next	5,000	10.03	per 1,000 gallons
Next	40,000	8.81	per 1,000 gallons
Over	50,000	7.59	per 1,000 gallons

1 1/2" Meter

First	10,000	\$104.80	Minimum Bill
Next	40,000	8.81	per 1,000 gallons
Over	50,000	7.59	per 1,000 gallons

2" Meter

First	20,000	\$192.90	Minimum Bill
Next	30,000	8.81	per 1,000 gallons
Over	50,000	7.59	per 1,000 gallons

3" Meter

First	30,000	\$281.00	Minimum Bill
Next	20,000	8.81	per 1,000 gallons
Over	50,000	7.59	per 1,000 gallons